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The Canadian Northern Railway Company
and
Central Union Trust Company of New York,
Trustee.

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Collateral Trust Agreement

Dated August 1, 1919.

Two and One-Half Year Six Per Cent. Collateral Trust
Gold Notes.

Five Year Six Per Cent. Collateral Trust Gold Notes.

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This Agreement (hereinafter called "the Trust Agreement"), dated as of the first day of August, in the year nineteen hundred and nineteen, between THE CANADIAN NORTHERN RAILWAY COMPANY, a corporation created and existing under the laws of the Dominion of Canada (hereinafter called "the Railway Company") party of the first part, and CENTRAL UNION TRUST COMPANY OF NEW YORK, a corporation created and existing under the laws of the State of New York (hereinafter called "the Trustee"), party of the second part, WITNESSETH:

WHEREAS the Railway Company is a corporation duly organized and existing under the laws of the Dominion of Canada, and owns and operates lines of railway in said country; and

WHEREAS the Railway Company by proper resolutions of its board of directors has, for its corporate purposes, duly determined to execute and issue its Notes in the aggregate principal amount of \$10,000,000, to be dated August 1, 1919, whereof some are to be known as its Two and One-Half Year Six Per Cent. Collateral Trust Gold Notes, and are to mature February 1, 1922, and the remainder are to be known as its Five Year Six Per Cent. Collateral Trust Gold Notes, and are to mature August 1, 1924; all of said Notes being hereinafter sometimes collectively called "the Notes"; and

WHEREAS the Notes with the interest coupons and Trustee's certificate thereon are to be substantially in

the following form, with appropriate variations in respect of the dates of maturity:

[FORM OF NOTE.]

No.

\$1000.

**THE CANADIAN NORTHERN RAILWAY
COMPANY.**

**Year Six Per Cent. Collateral Trust Gold Note.
Due 1, 192 .**

The Canadian Northern Railway Company (herein called "the Company"), for value received, hereby promises to pay to the bearer, or if registered, to the registered holder hereof, the sum of One Thousand Dollars (\$1,000) on the first day of , 192 , in gold coin of the United States of America, of or equal to the present standard of weight and fineness, at the office of Central Union Trust Company of New York, at No. 80 Broadway, in the City of New York, United States of America, or, at the option of the holder, in gold coin or its equivalent in lawful money of Canada, at the chief office of the Canadian Bank of Commerce in the City of Toronto, Canada, and to pay interest thereon at either of the said places at the option of the holder, in like coin at the rate of six per cent. (6%) per annum from August 1, 1919, upon presentation and surrender of the annexed interest coupons as they respectively mature, on the first days of February and August in each year. Both principal and interest of this Note are payable without deduction for any tax or governmental charge which the Company or the Trustee under the trust agreement hereinafter mentioned, may be required or authorized to pay or to deduct therefrom under any present or future law of: (a) the United States of Amer-

ica, or of any State, County, municipality or other taxing authority therein [except such amount of any present or future United States Federal Income Tax as shall be in excess of a tax of two per cent. (2%)], or (b) the Dominion of Canada, or any Province, County, municipality or other taxing authority therein, provided, however, that this latter provision shall not apply to Notes when beneficially owned by persons residing or ordinarily resident in the Dominion of Canada.

This Note is one of an authorized issue of Notes limited to the aggregate principal amount of Ten Million Dollars (\$10,000,000), whereof some are known as the "Two and One-Half Year Six Per Cent. Collateral Trust Gold Notes," and the remainder as the "Five Year Six Per Cent. Collateral Trust Gold Notes" of the Company; all of like date, tenor and effect (except as to dates of maturity), and all issued under and equally secured by a Collateral Trust Agreement dated August 1, 1919 (herein called "the Trust Agreement"), between the Company and Central Union Trust Company of New York as Trustee (herein called "the Trustee"). For a description of the nature and extent of the security, the rights of the holders of the Notes, and the terms and conditions upon which the Notes are issued and secured, reference is made to the Trust Agreement.

The Company has deposited with the Trustee and pledged as collateral security for the payment of this issue of Notes, Four Per Cent. Twenty Year Guaranteed Bonds of the Company, due September 1, 1934, in the ratio of one hundred and forty-two and eighty-six hundredths per cent. (142 86/100%) face amount of such Bonds to the principal aggregate amount of this issue of Notes. Both principal and interest of said Four Per Cent. Twenty Year Guaranteed Bonds are unconditionally guaranteed by the Dominion of Canada.

All of said Five Year Six Per Cent. Collateral Trust Gold Notes, or any part thereof, may be redeemed at the option of the Company on February 1, 1922, or any day thereafter, upon sixty days' published notice, at the price of One thousand and fifteen dollars (\$1,015) each and accrued interest, if the date of redemption be February 1, 1923, or prior thereto; at the price of One thousand and ten dollars (\$1,010) each and accrued interest, if the date of redemption be between February 2, 1923, and February 1, 1924, both inclusive; and at the price of One thousand and five dollars (\$1,005) each and accrued interest, if the date of redemption be February 2, 1924, or thereafter; all as more fully provided in the Trust Agreement.

As provided in the Trust Agreement, in case of default as therein defined, the Company, during a period of sixty days after the mailing of notice of such default by the Trustee, may remedy the default, or the Government of the Dominion of Canada, during the same period, may purchase the Notes by, in either case, paying to the Trustee, *inter alia*, their face amount and accrued interest thereon to the date of such payment, whereupon no holder of this Note, except the Government of the Dominion of Canada, in the event of the purchase of the Notes by it, shall be entitled to receive any further interest hereon.

This Note shall pass by delivery unless it is registered in the holder's name on the books of the Company at its agency in the City of New York, such registration being noted thereon by the Company, and thereafter no transfer shall be valid unless made on said books by the registered holder in person or by his attorney duly authorized in writing and similarly noted hereon; and the same may be discharged from registry by being in like manner transferred to bearer, and thereupon transferability by

delivery shall be restored; but again from time to time it may be registered or transferred to bearer as before. The registration of this Note shall not affect the negotiability of the coupons, which shall always be transferable by delivery.

This Note shall not become valid until it shall have been authenticated by the signature of the Trustee to the certificate endorsed hereon.

IN WITNESS WHEREOF, the Canadian Northern Railway Company has caused this Note to be signed as of the first day of August, 1919, by its President or one of its Vice-Presidents, and by its Secretary or an Assistant Secretary, and coupons for said interest to be attached hereto.

THE CANADIAN NORTHERN RAILWAY COMPANY,

By

Vice-President.

Secretary.

[FORM OF INTEREST COUPON FOR TWO AND ONE-HALF YEAR
SIX PER CENT. COLLATERAL TRUST GOLD NOTE.]

No. A

\$30.

On the first day of _____, 192 , The Canadian Northern Railway Company will pay to bearer Thirty Dollars (\$30) in United States gold coin, at the office of Central Union Trust Company of New York, in the City of New York, United States of America, or, at the option of the holder, in gold coin or its equivalent in lawful money of Canada at the chief office of the Canadian Bank of Commerce in the City of Toronto, Canada,

being six months' interest then due on its Two and One-Half Year Six Per Cent. Collateral Trust Gold Note No. A

Secretary.

[FORM OF INTEREST COUPON FOR FIVE YEAR SIX PER CENT.
COLLATERAL TRUST GOLD NOTE.]

No. B \$30.

On the first day of _____, 192 , The Canadian Northern Railway Company will pay to bearer Thirty Dollars (\$30) in United States gold coin, at the office of Central Union Trust Company of New York, in the City of New York, United States of America, or, at the option of the holder, in gold coin or its equivalent in lawful money of Canada at the chief office of the Canadian Bank of Commerce in the City of Toronto, Canada, being six months' interest then due on its Five Year Six Per Cent. Collateral Trust Gold Note No. B _____, unless said Note shall have been called for previous redemption.

Secretary.

[FORM OF TRUSTEE'S CERTIFICATE.]

This Note is one of the _____ Year Notes described in the within-mentioned Trust Agreement.

CENTRAL UNION TRUST COMPANY OF NEW YORK,
Trustee,

By

AND WHEREAS the Railway Company in further pursuance, as aforesaid, of proper resolutions of its board of directors, has determined to secure the Notes by the deposit and pledge under this Trust Agreement with the Trustee, of the Four Per Cent. Twenty Year Guaranteed Bonds of the Railway Company, due September 1, 1934, hereinafter described, and has authorized the execution and delivery of this Trust Agreement; and

WHEREAS all things necessary to make the Notes, when authenticated by the Trustee and issued under this Trust Agreement, the valid, binding and legal obligations of the Railway Company, and to make this Trust Agreement a valid, binding and legal agreement for the security thereof, have been done and performed, and the execution and delivery of this Agreement have been in all respects duly authorized;

Now, therefore, this Trust Agreement Witnesseth, that in order to secure the payment of all the Notes at any time issued and outstanding under this Trust Agreement, according to their tenor, purport and effect, as well the interest as the principal thereof, and to secure payment of the moneys borrowed by the Railway Company and in respect of which the Notes have been or are to be issued, and to secure the performance and observance of all the covenants and conditions therein and herein contained, and to declare the terms and conditions upon which the Notes are issued, received and held, and for and in consideration of the premises and of the acceptance or purchase of the Notes by the holders thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged,

and for other valuable considerations, the Railway Company hath sold, assigned, transferred, pledged, and set over, and by these presents doth sell, assign, transfer, pledge and set over unto the Trustee, its successors in the trust, and its and their assigns, the following securities:

Fourteen million two hundred and eighty-six thousand dollars (\$14,286,000) face value of the Four Per Cent. Twenty Year Guaranteed Bonds of the Railway Company, hereinafter called "the Bonds" or "the pledged bonds" or "the trust estate," due September 1, 1934, the payment of the principal and interest of which is duly guaranteed by the Dominion of Canada, issued under and secured by a trust indenture dated July 15, 1914, between The Canadian Northern Railway Company, party of the first part; Mackenzie Mann and Company, Limited, party of the second part; National Trust Company, Limited, and The British Empire Trust Company, Limited, parties of the third part, and His Majesty the King, acting on behalf of the Dominion of Canada and represented therein by the Minister or Acting Minister of Finance and Receiver General of Canada and therein called the Government, party of the fourth part.

To have and to Hold all and singular said securities unto the Trustee and its successors in the trust and its and their assigns forever.

In trust, nevertheless, for the common and equal use, benefit and security of all and singular the person or persons, firm or firms, body or bodies politic or corporate, who shall from time to time be holders of any of the Notes or coupons thereto appertaining, and without

preference of any of the Notes over any of the others by reason of priority in the time of issue or negotiation or in the date of maturity thereof or otherwise howsoever; subject to the terms, provisions and stipulations in the Notes contained and for the uses and purposes and upon and subject to the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE ONE.

SECTION 1. The Notes to be issued under this Trust Agreement, together with the coupons thereunto appertaining, shall respectively be substantially of the tenor and purport above recited, with appropriate insertions in the case of Notes of different maturities, and shall be known as the Railway Company's Two and One-Half Year Six Per Cent. Collateral Trust Gold Notes, or Five Year Six Per Cent. Collateral Trust Gold Notes, as the case may be. Each note shall be for the sum of One thousand dollars (\$1,000). The Two and One-Half Year Six Per Cent. Collateral Trust Gold Notes shall be numbered consecutively from A1 upwards; they shall be dated August 1, 1919, and shall mature February 1, 1922. The Five Year Six Per Cent. Collateral Trust Gold Notes shall be numbered consecutively from B1 upwards; they shall also be dated August 1, 1919, and shall mature August 1, 1924; but all Notes of each maturity shall be fully entitled to the benefits of this Trust Agreement as provided herein, without preference or priority of one Note over another. All the Notes shall forthwith be executed in the name and on behalf of the Railway Company by its President, or one of its Vice-Presidents, or other persons thereunto authorized by its Board of Directors, and by its Secretary or one

of its Assistant Secretaries, or other persons thereunto authorized by its Board of Directors, and need not bear the corporate seal of the Railway Company. The Notes shall then be delivered to the Trustee for authentication by it. The aggregate amount of all Notes which may be issued and outstanding under and secured by this Trust Agreement at any one time shall not in any event exceed the sum of ten million dollars (\$10,000,000) face amount thereof. At the option of the Company, but subject to the limitation aforesaid, any of said Notes may be executed, authenticated and delivered either as Two and One Half Year Six Per Cent. Collateral Trust Gold Notes or as Five Year Six Per Cent. Collateral Trust Gold Notes.

SECTION 2. In case the officers who shall have signed any of the Notes shall cease to be such officers of the Railway Company before the Notes so signed shall have been actually authenticated and delivered by the Trustee, such Notes may, nevertheless, be adopted by the Railway Company, and be issued, authenticated and delivered, as though the persons who signed such Notes had not ceased to be officers of the Railway Company; and also any Note may be signed on behalf of the Railway Company by such persons as at the actual date of the execution of the Note shall be the proper officers of the Railway Company, although at the date of the Note such persons may not have been officers of the Railway Company.

SECTION 3. The coupons to be attached to the Notes shall be authenticated by the engraved, lithographed or printed facsimile signature of the present Secretary or of any future Secretary of the Railway Company, and the Railway Company may adopt and use for that purpose

the signature of any person who shall have been such Secretary, notwithstanding the fact that he may have ceased to be such Secretary at the time when the Notes shall be actually authenticated and delivered.

SECTION 4. Only such of the Notes as shall bear thereon endorsed an authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be secured by this Trust Agreement or entitled to any lien, right or benefit hereunder, and such authentication of the Trustee upon any such Note executed on behalf of the Railway Company, shall be conclusive evidence that the Note so authenticated when issued by the Railway Company has been duly authenticated and delivered hereunder. Before authenticating or delivering any Note, all coupons thereon then matured shall be cut off and cancelled. The matured coupons so cut off and cancelled shall, on its written demand, be delivered to the Railway Company. The Railway Company and the Trustee may deem and treat the bearer of any unregistered Note, and the registered holder of any Note registered as to principal, and the bearer of any coupon for interest on any Note, as the absolute owner of such Note or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Railway Company and the Trustee shall not be affected by any notice to the contrary.

SECTION 5. Pending the preparation of definitive Notes, and in place of definitive Notes, the Railway Company may execute, and the Trustee shall in such event authenticate, temporary Notes without coupons, substantially in the form herein recited, and conforming as to dates of maturity with the provisions of Section 1 of this Article, for One thousand dollars (\$1,000) or a mul-

multiple thereof, and such temporary Notes shall be exchangeable at the office of the Trustee, without expense to the holder, for definitive Notes, for One thousand dollars (\$1,000) each, to an equal aggregate face amount and bearing all coupons not then matured. Immediately upon such exchange such surrendered temporary Notes shall be cancelled by the Trustee and on the written demand of the Railway Company, delivered to the Railway Company. Until exchanged for definitive Notes, the temporary Notes shall, in all respects, be considered and be Notes secured by and entitled to the benefits of this Trust Agreement.

SECTION 6. In case any Note, either temporary or definitive, with any coupons thereto appertaining, shall become mutilated or be lost or destroyed, the Railway Company in its discretion may issue, and thereupon the Trustee shall authenticate and deliver, a new Note of like tenor and date of issue and maturity, bearing the same number, in exchange and substitution for, and upon cancellation of, the mutilated Note and its coupons, or in lieu of and substitution for a Note and its coupons so lost or destroyed. The applicant for any such substituted Note shall furnish to the Railway Company and to the Trustee evidence of the mutilation, loss or destruction of such Note and its coupons, which evidence must be satisfactory to the Railway Company and to the Trustee in their discretion; said applicant shall also furnish indemnity satisfactory to both of them in their discretion, and shall comply with such other reasonable regulations as the Railway Company or the Trustee may prescribe.

ARTICLE TWO.

All the Notes shall, upon the delivery to the Trustee of the Bonds described in the granting clause of this Trust Agreement and in the amount therein specified, forthwith and without any further action on the part of the Railway Company, be authenticated by the Trustee and by it delivered on the written order of the Railway Company, signed by one of its Vice-Presidents.

ARTICLE THREE.

The Railway Company covenants to and with the Trustee as hereinafter in this Article set forth:

(a) Duly and punctually the Railway Company will pay or cause to be paid, to the holders of each of the Notes, the principal thereof and the interest accruing thereon, in the currencies, at the dates and places and in the manner mentioned in the Notes and in the coupons thereto appertaining, according to the true intent and meaning thereof; without deduction for any tax or governmental charge which the Railway Company or the Trustee may be required or authorized to pay or to deduct therefrom under any present or future law of: (a) the United States of America, or of any State, County, municipality or other taxing authority therein [except such amount of any present or future United States Federal Income Tax as shall be in excess of a tax of two per cent. (2%)], or (b) the Dominion of Canada, or any Province, County, municipality or other taxing authority therein, provided, however, that this latter provision shall not apply to Notes

when beneficially owned by persons residing or ordinarily resident in the Dominion of Canada. The interest shall be payable only upon presentation and surrender of the respective coupons annexed to the Notes as such coupons respectively mature; and when and as paid, all coupons shall forthwith be cancelled by the Railway Company.

(b) In order to prevent any accumulation of coupons after maturity, the Railway Company will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon upon any Note; and the Railway Company will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said coupons or in any other manner. In case the time for payment of any such coupon shall be so extended, whether or not such extension be by or with the consent of the Railway Company, such coupon shall not be entitled, in case of default hereunder to the benefit or security of this Trust Agreement, except subject to the prior payment in full of the principal of all the Notes then outstanding, and of all coupons on such Notes, the payment of which shall not have been so extended, with interest on overdue instalments of interest.

(c) The Railway Company will, from time to time, duly pay and discharge all taxes, assessments and governmental charges lawfully imposed either in Canada or in the United States upon the trust estate or upon any part thereof, or upon the income and profits thereof and also all taxes, assessments and governmental charges lawfully imposed in either of said countries upon the lien or interest of the Trustee or of the holders of the Notes in respect

of the trust estate, PROVIDED, however, that unless such payments shall be necessary in the opinion of the Trustee, in order to prevent prejudice or loss to the trust estate, the Railway Company shall not be required to pay any such taxes, assessments or governmental charges so long as in good faith it shall contest the validity thereof by appropriate legal proceedings.

(d) The Railway Company will, at all times until the payment of the principal of the Notes, either keep an office or an agency in the Borough of Manhattan, in the City of New York, United States of America, where notices and demands in respect to the Notes and coupons may be served and will, by written notice, designate such office or agency to the Trustee or will designate by written notice to the Trustee, a bank, bankers or trust company in said Borough for such purposes. In default of any such office or agency or of such designation, presentation and demand may be made and notices may be served at the office in the City of New York of the Trustee or any successor to it in the trust.

(e) The Railway Company will, at all times until the payment of the principal of all of the Notes, either keep at an office or an agency to be maintained by it in the Borough of Manhattan in the City of New York, United States of America, a separate register for the registration as to principal and the transfer of the Notes, and by written notice designate such office or agency to the Trustee, or will designate, by written notice to the Trustee, a bank, bankers or trust company in said Borough for such purposes. Said register shall at all reasonable times be open for the inspection of the Trustee; and upon presenta-

tion for such purposes, the Railway Company will, under such reasonable regulations as it may prescribe, register therein as to principal any Note or Notes. The holder of any Note may have the ownership thereof registered on such register, such registration being noted on the Note, after which registration no transfer shall be valid unless made on said register by the registered holder in person or by his attorney duly authorized and similarly noted upon the Note by the Railway Company; but the same may be discharged from registry by being in like manner transferred to bearer, in which case transferability by delivery shall be restored; but again from time to time it may be registered or transferred to bearer as before. Such registration shall not, however, affect the negotiability of the coupons belonging to any Note, but every such coupon shall continue to pass by delivery and shall remain payable to bearer. In default of any such office or agency or of such designation, registration as herein provided may be had at the office in the City of New York of the Trustee or any successor to it in the trust, and in such event, the Trustee or any such successor trustee may act as Note Registrar of the Railway Company.

(f) The Four Per Cent. Twenty Year Guaranteed Bonds of the Railway Company pledged under this Trust Agreement and constituting the trust estate, at the time of the authentication, issue and delivery of the Notes, have been duly and validly issued by the Railway Company under and in accordance with the laws of the Dominion of Canada, and have been duly authenticated, and issued and delivered in pursuance of the mortgage securing them, and have been duly guaranteed by the Dominion of Canada, and under said laws the Railway

Company is duly authorized validly to pledge the same under this Trust Agreement on the terms hereof. Said mortgage securing said Four Per Cent. Twenty Year Guaranteed Bonds has been duly authorized in accordance with the laws of said Dominion of Canada, and constitutes a valid security according to its terms for said pledged Bonds and for all other Four Per Cent. Guaranteed Securities issued under such mortgage. The Railway Company has duly complied with all the requirements of the laws of the Dominion of Canada in that behalf in order to authorize the Railway Company, and the Railway Company is under said laws at the time of the authentication and delivery of the Notes, duly authorized to execute and deliver this Trust Agreement, to pledge under this Trust Agreement the said Four Per Cent. Twenty Year Guaranteed Bonds, and to issue and sell the Notes.

(g) The Railway Company will also do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, transfers and assurances for the better assuring, conveying and confirming unto the Trustee all and singular the trust estate as the Trustee shall reasonably require for better accomplishing the provisions and purposes of this Trust Agreement and for better securing the payment of the principal and interest of the Notes.

ARTICLE FOUR.

SECTION 1. Upon the advertisement of notice, as hereinafter in this section provided, the Railway Company shall have the right to redeem and pay off on

February 1, 1922, or any day thereafter, all of the Five Year Six Per Cent. Collateral Trust Gold Notes then outstanding, or any part thereof, at the price of One thousand and fifteen (\$1,015) dollars each and accrued interest, if the date of redemption be February 1, 1923, or prior thereto; at the price of One thousand and ten (\$1,010) dollars each and accrued interest, if the date of redemption be between February 2, 1923, and February 1, 1924, both inclusive; and at the price of One thousand and five (\$1,005) dollars each and accrued interest if the date of redemption be February 2, 1924, or thereafter.

In case the Railway Company shall desire to exercise the right to redeem and pay off less than all of said Five Year Six Per Cent. Collateral Trust Gold Notes outstanding, it shall deliver to the Trustee a written statement to that effect specifying the face amount of the said Notes which it desires to redeem and pay off; and thereupon the Trustee shall draw by lot, in such manner as it shall determine, from the distinguishing numbers of all Five Year Six Per Cent. Collateral Trust Gold Notes then outstanding, the numbers of a face amount of such Notes equal to the face amount thereof so specified, and shall notify the Railway Company of the numbers of the Notes so drawn.

Notice of the election of the Railway Company to redeem all or any part of the Five Year Six Per Cent. Collateral Trust Gold Notes shall be given by publication in one daily newspaper of general circulation published in the City of New York, United States of America, and in one daily newspaper of general circulation published in the City of Toronto, Canada, at least once in each calendar week for four (4) successive weeks, the first publication to be not less than sixty (60) nor more than ninety (90) days before the date of redemption desig-

nated in such notice. Such notice shall state that the Railway Company has elected to redeem and pay off all of said Five Year Six Per Cent. Collateral Trust Gold Notes outstanding, or, in case of the redemption of less than all of said Notes, such notice shall specify the distinguishing numbers of the Notes so drawn for redemption and shall state that the Railway Company has elected to redeem and pay off the Notes so specified. Such notice shall further state that, on the date designated therein as the date of redemption, there will become and be due and payable upon each of the Notes to be redeemed, at the office or agency of the Railway Company in the Borough of Manhattan, in the City of New York aforesaid, or, at the option of the holder, at the office of the Canadian Bank of Commerce in the City of Toronto, Canada, the redemption price of said Notes according to the prices hereinabove stated in the first paragraph of this Section, together with accrued interest on the face amount of the Notes redeemed to such date of redemption. A similar notice shall be sent through the mails, postage prepaid, at least forty (40) days prior to such redemption date, to the registered holders of the Five Year Six Per Cent. Collateral Trust Gold Notes so called for redemption, as their addresses shall then appear upon the Note register, but failure to so mail any such notice shall not affect the validity of the proceedings for the redemption of said Notes. Upon full advertisement of such notice by the Railway Company as aforesaid, and without any further prerequisite or condition, all of the Five Year Six Per Cent. Collateral Trust Gold Notes so called for redemption and specified in such notice shall become and be due and payable on the day designated in such notice as the date of redemption, at the redemption prices of said Notes respectively, as hereinabove stated in the first paragraph

of this Section, together with all interest which shall then have accrued thereon and be unpaid; and from and after the date of redemption so designated (unless the Railway Company shall make default in the payment of said Notes so to be redeemed), interest on said Notes shall cease, and any and all unmatured coupons, and the portion of the current coupons represented by the period after the redemption date, for interest pertaining to the Notes called for redemption shall become and be null and void. All Notes redeemed shall immediately be cancelled and no Notes shall be issued in substitution therefor.

In every case the sums due and payable for principal and premium on the Notes called for redemption, together with the interest, if any, accrued on the interest coupon maturing next after the date of redemption designated in said notice, shall be paid to the bearers of such Notes unless registered, and, if registered, to the registered holders thereof respectively; but in no case shall the Railway Company be required to make payment except upon surrender of the Notes offered for redemption and of all coupons for interest thereon not matured on the date of redemption designated in said notice. The accrued interest represented by the coupons, if any, maturing on the date of redemption, and the interest represented by coupons that shall have matured prior to the date of redemption, shall continue to be payable (but without interest, unless the Railway Company shall make default in the payment thereof upon demand) to the respective bearers of such coupons.

SECTION 2. On the deposit with the Trustees of the amount necessary to redeem all outstanding Five Year Six Per Cent. Collateral Trust Gold Notes at a price fixed in accordance with the provisions hereinabove stated in the first paragraph of Section 1 of this Arti-

cle, and upon proof being given to the reasonable satisfaction of the Trustee that said notice of redemption has been given by publication as above provided, and that all the Two and One-Half Year Six Per Cent. Collateral Trust Gold Notes at any time due together with the interest thereon have been paid off and satisfied, and upon payment of all costs, charges and expenses incurred by the Trustee and reasonable compensation to the Trustee, the Trustee shall, on the written demand of the Railway Company, and at the cost and expense of the Railway Company, deliver the trust estate to National Trust Company, Limited, of Toronto, Canada, or to The British Empire Trust Company, Limited, of London, England, to be held under the terms of the deed of trust dated July 15, 1914, referred to in the granting clause hereof, and shall cancel and satisfy this Trust Agreement. The Trustee shall apply the moneys so deposited with it to the payment of said Five Year Six Per Cent. Collateral Trust Gold Notes at the rates aforesaid with accrued interest to the date of redemption.

ARTICLE FIVE.

If said sums of money in the Notes mentioned, as well the principal as the interest thereof, shall be well and truly paid at the times and in the manner therein expressed, according to the tenor and effect thereof, and the Railway Company shall faithfully observe and perform its covenants and agreements herein contained, then and in such case the estate, right, title and interest of the Trustee, its successors in the trust and its and their assigns, in the trust estate, shall cease, determine and become void, and upon proof being given to the reasonable satisfaction of the Trustee that all the Notes

at any time issued, together with the interest thereon, have been paid off or satisfied, and upon payment of all costs, charges and expenses incurred by the Trustee, and reasonable compensation to the Trustee, the Trustee shall, on the written demand of the Railway Company and at the cost and expense of the Railway Company, deliver the trust estate to National Trust Company, Limited, of Toronto, Canada, or to The British Empire Trust Company, Limited, of London, England, to be held under the terms of the deed of trust dated July 15, 1914, referred to in the granting clause hereof, and shall cancel and satisfy this Trust Agreement.

ARTICLE SIX.

SECTION 1. Unless and until one of the events of default as specified in Section 2 of Article Eight hereof shall have occurred and shall not have been fully remedied, the Trustee, upon the payment (whether at maturity or by means of redemption as provided in Article Four of this Trust Agreement) of any of the Notes issued hereunder both as to principal and interest, in accordance with the terms hereof, and upon surrender to the Trustee for cancellation or in cancelled form of said Notes so paid with all unmatured coupons, shall, out of the pledged Four Per Cent. Twenty Year Collateral Guaranteed Bonds held by it hereunder, on the written demand of the Railway Company and at the cost and expense of the Railway Company, deliver such bonds of a principal amount equal, so far as may be practicable, to one hundred and forty-two and eighty-six one-hundredths per cent. (142 86/100%) of the principal amount of Notes which have thus been paid, to National Trust Company, Limited, of Toronto, Canada, or to The British Empire

Trust Company, Limited, of London, England, to be held under the terms of the deed of trust dated July 15, 1914, referred to in the granting clause hereof; but in case such delivery would necessitate the delivery of a fractional amount of said bonds, then the Trustee shall deliver bonds of the integral face amount which shall be nearest to, and less than, the face amount of bonds which would be so deliverable. Payment by the Railway Company to the Trustee of the amounts required to enable it to pay off or redeem the principal and interest respectively of all the Notes or any of them, together with any premium payable in case of redemption as herein provided, shall, so far as the release or delivery as herein provided of the said bonds or any of them is concerned, constitute payment by the Railway Company of such Notes or any of them and the relative coupons and premium, if any, and shall, without surrender or cancellation of such Notes or any of them, entitle the Railway Company to such release or delivery of all or a proportionate amount of the bonds as in this Trust Agreement provided; in each such case the Trustee shall deliver all or the proper amount of the bonds as herein provided. Any Notes and coupons surrendered to the Trustee under this section shall, after cancellation and upon the written demand of the Railway Company, be delivered to the Railway Company.

ARTICLE SEVEN.

SECTION 1. Unless and until one of the events of default as specified in Section 2 of Article Eight hereof shall have occurred the Trustee shall not be entitled to demand or receive the interest maturing on the Bonds from time to time constituting the trust estate, and the Trustee from time to time as the coupons, if any, attached

to the bonds shall mature, shall detach and cancel the said coupons and hold the same subject to the order of the Railway Company, provided that no such detachment or cancellation shall be made until the expiration of fifteen (15) days after maturity of said coupons.

SECTION 2. Subject as aforesaid, the Trustee shall have and may exercise all the rights of owner in respect of the trust estate. The Trustee shall have the right at any time during the life hereof to require the Railway Company to deliver to the Trustee such an amount of the pledged bonds in definitive form in denominations of One thousand dollars (\$1,000) each with coupons attached, as in the absolute discretion of the Trustee it may consider necessary, upon surrender of an equivalent amount of temporary bonds, such definitive bonds so delivered to be either engraved, lithographed or printed as the Trustee may desire; and the Railway Company shall, upon being so required, make delivery at its own cost and expense of said bonds as herein provided.

ARTICLE EIGHT.

SECTION 1. No coupon belonging to any Note which in any way, at or after maturity, shall have been transferred or pledged separate and apart from the Note to which it relates shall, unless accompanied by such Note, be entitled, in case of a default hereunder, to any benefit of, or from, this Trust Agreement, except after the prior payment in full of the principal of all the Notes and of all coupons not so transferred or pledged. In case the time for payment of any coupon shall be extended, whether or not such extension be by or with the consent of the Railway Company, such coupon shall not be entitled in case of default hereunder to any benefit

of or from this Trust Agreement, except after the prior payment in full of the principal of all the Notes and of all coupons not so transferred or pledged.

SECTION 2. If one or more of the following events, hereinafter called "events of default," shall happen, that is to say:

(a) default shall be made in the payment of any instalment of interest on any of the Notes when and as the same shall become payable, as therein and herein expressed, and such default shall continue for the space of fifteen (15) days;

(b) default shall be made in the payment of the principal of any of the Notes when the same shall become due and payable, whether at maturity or otherwise;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Railway Company, its successors or assigns, in the Notes or in this Trust Agreement contained, and such default shall continue for the space of thirty (30) days;

(d) default shall be made in the payment of any instalment of interest when the same shall become payable on any part of the Four Per Cent. Guaranteed Securities, issued under and secured by said trust deed dated July 15, 1914, made by The Canadian Northern Railway Company, which is not a part of the Four Per Cent. Twenty Year Guaranteed Bonds held as security hereunder; or default shall be made in the payment of the principal of any of such Guaranteed Securities not so held as security hereunder when the same shall become due

and payable, whether at maturity or by declaration or otherwise; or if for any reason the security constituted by said trust deed, dated July 15, 1914, shall become enforceable by the Trustees thereunder as therein provided;

(e) a receiver shall be appointed of the Railway Company or of its property;

then and in every such case the Trustee shall, forthwith (a) by notice in writing sent by registered mail to the Railway Company addressed to it at its Toronto office and by like notice addressed to it at its designated office or agency in the Borough of Manhattan, City of New York, United States of America, declare the principal of all the Notes then outstanding, if not already due and payable, to be forthwith due and payable, and, upon any such declaration, the same forthwith shall be and become due and payable, anything in this Trust Agreement or in the Notes contained to the contrary notwithstanding, and (b) notify by registered mail the Minister of Finance of the Dominion of Canada of the happening of any such event of default. During a period of sixty (60) days after the mailing of such notices the Railway Company may remedy the default, or the Government of the Dominion of Canada may purchase the Notes, by in either case paying to the Trustee the principal of the Notes, all arrears of interest upon the Notes up to the date of such payment (with interest at the rate of six per cent. (6%) per annum on any overdue instalment of interest and on the principal of the Notes from date of default) and the expenses of the Trustee. In the event of such payment by the Railway Company, the Trustee shall upon the written demand of the Railway Company and at the cost and expense of the Railway Company, deliver

the said bonds held hereunder to National Trust Company, Limited, of Toronto, Canada, or to The British Empire Trust Company, Limited, of London, England, to be held under the terms of the deed of trust dated July 15, 1914, referred to in the granting clause hereof. In the event of such payment by the Government, the Government shall be entitled to all of the rights and privileges of the noteholders and to possession of the Notes and unpaid coupons and to the benefit of all security hereby created. Upon any such payment each noteholder shall forthwith surrender to the Trustee his Notes with all unpaid coupons attached and he shall thereupon be entitled to receive from the Trustee his proportionate share of the amount paid. Upon any such payment, whether made by the Railway Company or the Government, no holder of any Note, except the Government in the event of the purchase of the Notes by it, shall be entitled to receive any further interest accruing thereon after the date of such payment. The Notes so surrendered to the Trustee shall be by it delivered to the party making such payment, whether the Railway Company or the Government, as the case may be.

SECTION 3. At the expiration of such sixty-day period, if the default shall not within such period have been remedied, the Trustee may, and upon the written request of the holders of five per cent. (5%) in amount of the Notes then outstanding shall, proceed, without notice to the Railway Company or to the Minister of Finance of the Dominion of Canada, to sell the Bonds at any broker's board or at public or private sale, at the option of the Trustee. Any other notice of the amount due or claimed to be due and any other demand of payment, advertisement or notice of sale are hereby expressly waived by the Railway Company.

SECTION 4. If one or more of the said events of default shall happen, the Trustee shall be entitled to collect and receive all sums payable for principal and interest or otherwise upon any of the Bonds and to apply the same as follows:

In case the principal of none of the Notes hereby secured shall be due, to the payment of the interest in default in the order of the maturity of the instalments of such interest, with interest on the unpaid instalments at the rate of six per cent. (6%) per annum, such payments to be made ratably to the persons entitled thereto without discrimination or preference.

In case the principal of any of the Notes hereby secured shall be due by declaration or otherwise, to the payment of the accrued interest with interest on the overdue instalments thereof at the rate of six per cent. (6%) per annum, in the order of the maturity of the instalments, and next to the payment of the principal of all Notes hereby secured; in every instance such payments to be made ratably to the persons entitled to such payments without any discrimination or preference.

In case neither the principal of nor interest on any of the Notes shall be in default, such money shall be retained by the Trustee to be applied as against any future default or defaults as above provided.

SECTION 5. For the purpose of the completion of any sale or sales of any of the Bonds, the Trustee shall deliver to the purchaser or purchasers the securities sold, with good and sufficient transfers. The Trustee and its successor or successors are hereby appointed the true and lawful attorney and attorneys irrevocable of the Railway Company, in its name and stead to make all necessary instruments of transfer, and for that purpose may execute all necessary acts of assignment and trans-

fer, and may substitute one or more persons or corporations with like power, the Railway Company hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless the Railway Company shall, if so requested by the Trustee, ratify and confirm every such sale by executing and delivering to the Trustee or to such purchaser or purchasers all proper transfers as may be designated in such request.

SECTION 6. Any sale or sales made under or by virtue of this Trust Agreement, whether under any power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either in law or in equity, of the Railway Company of, in and to the securities sold, and shall be a perpetual bar both at law and in equity against the Railway Company, its successors and assigns, and against any and all persons claiming or to claim the securities sold or any part thereof, from, through or under the Railway Company, its successors or assigns, and no purchaser at any such sale or sales, or his representatives or assigns, shall be bound to see to the application of the purchase money upon or for any trust or purpose of this Trust Agreement, or be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money or any part thereof paid by such purchaser.

Section 7. The Trustee, however, instead of exercising the power of sale, by Section 3 of this Article granted and conferred, may, in its discretion, and shall, at the request in writing of the holders of two-thirds in amount of the Notes then outstanding, or in the event of the purchase of the Notes by the Government of the

Dominion of Canada, as aforesaid, at the request of the Government, proceed by a suit or suits at law or in equity, as the Trustee may be advised by counsel, to enforce the payment of the Notes and coupons and to foreclose this Trust Agreement and sell the securities constituting the trust estate under the judgment or decree of a court or courts of competent jurisdiction.

SECTION 8. In the event of any sale, whether under the power of sale by Section 3 of this Article granted and conferred or under or by virtue of judicial proceedings, the securities constituting the trust estate, may, as the Trustee shall deem most advantageous for the Noteholders, be sold either in one parcel as an entirety, or in several parcels and, if in several parcels, in such parcels as the Trustee may determine.

SECTION 9. The Trustee, in respect of the securities constituting the trust estate, shall, for the purposes of this Article, have, and may exercise all the rights of holder and owner thereof and may take any action or proceedings which the holder or owner thereof for value could take as such owner or holder. All remedies conferred by this Trust Agreement shall be deemed cumulative and not exclusive, and shall not be deemed to deprive the Trustee of any legal or equitable remedy by appropriate judicial proceedings or otherwise to enforce the conditions, covenants and agreements of this Trust Agreement.

SECTION 10. In the event of any sale of the trust estate whether under the power of sale by Section 3 of this Article granted and conferred or by virtue of judicial proceedings, the purchase money, proceeds or avails, together with any other sums which may then be held by

the Trustee or be payable to it under any of the provisions of this Trust Agreement as a part of the trust estate, shall be applied as follows:

(a) to the payment of the costs, expenses, fees, and other charges of such sale or sales, and a reasonable compensation to the Trustee, its agents and attorneys, and to the payment of all expenses and liabilities incurred and advances or disbursements made by the Trustee;

(b) any surplus then remaining, to the payment of the whole amount owing or unpaid upon the Notes, for both principal and interest, with interest on the overdue instalments of interest at the rate of six per cent. (6%) per annum, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest without preference or priority of principal over interest or of interest over principal, or of any instalment of interest over any other instalment of interest:

(c) any surplus then remaining, to the Minister of Finance of the Dominion of Canada on account of the Railway Company.

These provisions, however, are not intended in any wise to modify the provisions of Section 1 of this Article or of subdivision (b) of Article Three, but are subject thereto.

SECTION 11. In the event of any sale of the trust estate or any part thereof, whether under the power of sale

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by Section 3 of this Article granted and conferred or by virtue of judicial proceedings, the purchaser, for the purpose of making settlement or payment for the securities purchased, shall be entitled to turn in or apply towards the payment of the purchase price, and to be credited with, any Notes and any matured and unpaid coupons, to the extent of the value of such Notes and coupons upon a distribution among the Noteholders of the net proceeds of such sale after making the deductions allowable under the terms hereof for the costs and expenses of the sale and otherwise. But such Notes and coupons so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied. At any such sale, the Trustee, or any Noteholders or their agents, may bid for and purchase the securities so sold and may make payment therefor as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such securities without further accountability, and the receipt of the Trustee shall be a sufficient discharge for the purchase money to any purchaser of the securities, or any part thereof, sold under any of the provisions of Section 3 of this Article.

SECTION 12. Subject to the rights of the Government of the Dominion of Canada under Section 2 of this Article, the holders of two-thirds in amount of the Notes then outstanding shall have the right, from time to time, if they so elect and manifest such election by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any and all proceedings for any sale of the trust estate, pursuant to the provisions of Section 3 of this Article, or for the foreclosure of this Trust Agreement, or any other action or proceeding hereunder.

SECTION 13. In case of the happening of one or more of the events of default, the Railway Company, upon demand of the Trustee, will pay to the Trustee for the benefit of the holders of the Notes and coupons then outstanding, the whole amount due and payable on all the Notes and coupons for principal and interest, with interest upon the overdue principal and instalments of interest at the rate of six per cent. (6%) per annum; and in case the Railway Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid. The Trustee shall be entitled to recover judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Trust Agreement upon the trust estate, and its right to recover such judgment shall not be affected by any sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Trust Agreement, or by the foreclosure of the lien hereof; and, in case of a sale of the trust estate and of the application of the proceeds of sale to the payment of the indebtedness represented by the Notes and coupons, the Trustee, in its own name and as trustee of an express trust, shall be entitled to receive, and to enforce payment of, any and all deficiency or amounts then remaining due and unpaid upon any or all of the Notes then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of such indebtedness remaining unpaid with interest. No recovery of any judgment by the Trustee and no levy of any execution under any such judgment upon property subject to the lien of this Trust Agreement or upon any other property, shall in any manner or to any extent, affect or impair the lien of the Trustee

upon the trust estate, or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or any rights, powers or remedies of the holders of the Notes; but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys thus collected by the Trustee under this Section shall be applied by the Trustee: first, to the payment, at the option of the Trustee, of the costs and expenses of the proceedings resulting in the collection of such moneys; and, secondly, toward payment of the amount then due and unpaid upon such Notes and coupons respectively, without any preference or priority of any kind, but ratably according to the amounts due and payable upon such Notes and coupons respectively, at the date fixed by the Trustee for the distribution of such moneys.

ARTICLE NINE.

SECTION 1. The Trustee accepts the trusts of this Trust Agreement and agrees to execute them upon the following terms and conditions, to which the parties and the holders of the Notes agree:

The Trustee shall be under no obligation to see to the filing, registration or recording of this Trust Agreement, and may and shall authenticate and deliver the Notes in accordance with the provisions hereof, notwithstanding this Trust Agreement shall not have been filed, registered or recorded.

The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created which shall not be limited by any provision of law in regard to the compensation of a trustee of an

express trust, and such compensation, as well as the reasonable compensation of its counsel and of such persons as it may employ in the administration or management of the trust, and all other reasonable expenses necessarily incurred and actually disbursed hereunder, the Railway Company agrees to pay, and for such payment, the Trustee shall have a lien on the trust estate under this Trust Agreement in priority to the rights and claims of the holders of the Notes.

The Trustee shall not be responsible in any manner whatsoever for the recitals herein contained or contained in the Notes, all of which are made by the Railway Company solely.

The Trustee shall not be responsible for or in respect of the validity or sufficiency of this Trust Agreement, or the execution thereof by the Railway Company, nor for or in respect of the title, value or validity of the securities constituting the trust estate.

Unless and until the Trustee shall have received written notice to the contrary, the Trustee may, for all the purposes of this Trust Agreement, assume that the Railway Company is not in default under this Trust Agreement and that none of the events hereinbefore denominated events of default has happened.

The Trustee shall not be under any obligation to take any action toward the execution or enforcement of the trusts hereby created which, in its opinion, will be likely to involve it in expense or liability, unless one or more of the holders of the Notes shall, as often as required by the Trustee, furnish it security and indemnity satisfactory to it against such expense or liability; nor shall the

Trustee be required to take notice of any default hereunder unless notified in writing of such default or to take any action in respect of any such default involving expense or liability unless requested by an instrument in writing signed by the holders of not less than five per cent. (5%) in amount of the Notes then outstanding, and unless tendered security satisfactory to it, and indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but neither any such notice or request nor this provision therefor, shall affect any discretion herein given to the Trustee to determine whether or not the Trustee shall take action in respect to such default or to take action without such request.

Whenever the terms of this Trust Agreement require an order, notice or demand from the Railway Company to be delivered to the Trustee for any purpose, the same shall be sufficient (unless other specific provision is made herein) if signed on behalf of the Railway Company under its corporate seal by its President or a Vice-President or by some other officer of the Railway Company appointed for the purpose by its Board of Directors, and also by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer.

The Trustee shall be fully protected in acting upon, or in accordance with, any notice, request, consent, certificate, bond, note, coupon or other instrument or paper believed by it to be genuine and to have been signed or presented by the proper person or duly authorized or properly made.

The Trustee may employ agents or attorneys in fact, and shall not be answerable for the default or misconduct of any agent or attorney appointed by

it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care, nor for anything whatever in connection with this trust, except wilful misconduct or gross negligence.

The Trustee shall be reimbursed and indemnified by the Railway Company against any liability or damages it may sustain or incur in the premises, and shall have a lien upon the trust estate under this Trust Agreement in priority to the rights and claims of the holders of the Notes for its compensation and expenses, and for any such liability or damages. The Trustee shall be under no responsibility to see to the use or application by the Railway Company of said Notes or of any of them or of the proceeds thereof, nor as to the character of the Bonds pledged with it as security hereunder.

The Trustee may advise with legal counsel and shall be protected in respect of any action under this Trust Agreement, taken in good faith by the Trustee in accordance with the opinion of counsel.

The Trustee may purchase or hold Notes hereby secured with the same rights which it would have if it were not Trustee.

SECTION 2. The Trustee may resign, and be discharged from the trusts created by this Trust Agreement by giving to the Railway Company notice in writing, and to the Noteholders notice by publication, of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once on a day not less than thirty (30) days nor more than sixty (60) days prior to the date so specified, in a daily newspaper of general circulation in the Borough of Manhattan in the City of New York, United States of America. Such resignation shall take effect on the day

specified in such notice, unless previously a successor trustee shall be appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor trustee.

Any trustee hereunder may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and executed by the holders of three-fourths in amount of the Notes then outstanding.

SECTION 3. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, a successor may be appointed by the holders of a majority in amount of the Notes then outstanding, by an instrument or concurrent instruments signed by such Noteholders or their attorneys in fact duly authorized; but until a new trustee shall be appointed by the Noteholders as herein authorized, the Railway Company, by an instrument executed under its corporate seal by order of its board of directors may appoint a trustee to fill such vacancy. Every such successor trustee, whether appointed by the Noteholders or by the Railway Company, shall always be a trust company having an office in the Borough of Manhattan in the City of New York, United States of America, and having a capital and surplus aggregating at least two million dollars (\$2,000,000). After any such appointment by the Railway Company, it shall cause notice of such appointment to be published once a week in each of four (4) successive weeks in two (2) daily newspapers of general circulation in the Borough of Manhattan, in the City of New York, United States of America; but any new trustee so appointed by the Railway Company shall immediately, and without further act, be superseded by a trustee appointed in the manner above provided, by the holders of a majority in amount of the Notes at the time outstanding.

SECTION 4. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Railway Company an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become vested with the title to the trust estate, and with all the rights, powers, trusts, duties, and obligations of its predecessor in the trust hereunder with like effect as if originally named as trustee herein, and the trustee ceasing to act shall, on the written request of such successor trustee, assign and transfer the trust estate or cause the trust estate to be assigned and transferred to the successor trustee, and shall be entitled to the payment of its charges and expenses theretofore incurred. Upon request of such successor trustee the Railway Company shall execute and deliver such instruments of assignment and further assurance as may reasonably be required for more fully and certainly vesting and confirming to such successor trustee all the right, title and interest of the predecessor trustee in and to the trust estate and such rights, powers, trusts, duties and obligations. All conveyances and instruments herein provided for shall be at the cost of the Railway Company.

SECTION 5. For the purpose of this Article, the fact of the holding of Notes by any holder and the amounts and issue numbers of such Notes and the date of the holding of the same, may be proved either in the manner specified in Article Eleven hereof or by affidavits of the Noteholders.

SECTION 6. Any company into which the Trustee, or any successor to it in the trusts created by this indenture, may be merged or with which it, or any such successor to it, may be consolidated, or any company resulting

from any merger or consolidation to which the Trustee, or any such successor to it, shall be a party, provided such company shall be a corporation organized under the laws of the State of New York, United States of America, and shall do business in the Borough of Manhattan in the City of New York, United States of America, shall be the successor trustee under this indenture, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Notes shall have been authenticated, but not delivered, any such successor trustee may adopt the certificate of authentication of Central Union Trust Company, of New York, or of any successor to it, as trustee hereunder, and deliver the same so authenticated; and in case any of the Notes shall not have been authenticated, any successor trustee may authenticate such Notes either in the name of any predecessor trustee or in the name of such successor trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Notes or this Trust Agreement provided that the certificates of the Trustee shall have.

SECTION 7. The term, the Trustee, wherever used in this Trust Agreement, means the trustee for the time being under this Trust Agreement, whether original or successor.

ARTICLE TEN.

SECTION 1. No holder of any Note or coupon shall have the right to institute any suit, action or proceeding at law or in equity upon or in respect of this Trust Agreement, or for the execution of any trust or power hereof, or for any other remedy under or upon this Trust Agree-

ment, unless such holder shall previously have given to the Trustee written notice of an existing default and of the continuance thereof as hereinbefore provided; nor unless also the holders of five per cent. (5%) in amount of the Notes then outstanding shall have made written request upon the Trustee after the happening of an event of default, and shall have afforded to it reasonable opportunity, either to proceed itself to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless also such holder or holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred in or by reason of such action, suit or proceeding; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement, and to any action or cause of action for foreclosure or for any other remedy hereunder; it being intended that no one or more holders of the Notes or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Trust Agreement by his or their action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Notes and coupons.

But the foregoing provisions of this section are intended only for the protection of the Trustee, and shall not be construed to affect any discretion or power by any provision of this Trust Agreement given to the Trustee to determine whether or not it shall take action in respect of any default without such notice or request from Noteholders, or to affect any other discretion or power given to the Trustee.

SECTION 2. No delay or omission of the Trustee, or of any holder of Notes, to exercise any right or power accruing upon any default, shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein; and every power and remedy given by this Trust Agreement to the Trustee or to the Noteholders, may be exercised from time to time, and as often as may be deemed expedient by the Trustee or by the Noteholders.

ARTICLE ELEVEN.

Any request or other instrument required by this Trust Agreement to be signed and executed by Noteholders may be in any number of concurrent instruments of similar tenor, and may be executed by such Noteholders in person, or by an agent or attorney appointed by an instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of Notes, shall be sufficient for any purpose of this Trust Agreement, and shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument, if made in the following manner, viz.:

(a) the fact and date of the execution by any person of any such request or of any other instrument in writing may be proved by the certificate of any notary public or other officer authorized to take, either within or without the State of New York, United States of America, acknowledgments of deeds to be recorded in said State,

certifying that the person signing such request or other instrument acknowledged to him the execution thereof; or by the affidavit of a witness to such execution;

(b) the amount of Notes held by any person executing any such request or other instrument as a Noteholder, and the issue numbers of the Notes held by such person and the date of his holding the same may be proved by a certificate executed by any trust company, bank, bankers or other depositary wheresoever situated whose certificate shall be deemed by the Trustee to be satisfactory, showing that, at the date therein mentioned, such person had on deposit with such depositary or exhibited to such depositary, the Notes numbered and described in such certificate.

ARTICLE TWELVE.

This Trust Agreement shall not be construed to create any trust, liability or obligation to or in favor of any person, firm or corporation except the Railway Company, the Trustee and the present or future holders of the Notes and coupons, nothing in this Trust Agreement being intended to confer upon, or to give to, any person or corporation other than the parties hereto and the holders of Notes, any right, remedy or claim in, under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof; all the covenants, conditions and stipulations hereof being intended to be, and being, for the sole and exclusive benefit of the parties hereto and their successors, and of the holders of the Notes and coupons.

ARTICLE THIRTEEN.

No recourse under or upon any obligation, covenant or agreement of this Trust Agreement or of any Note or coupon shall be had against any stockholder, officer or director of the Railway Company, either directly or through the Railway Company, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any statute or constitutional provision or otherwise. This Trust Agreement and the Notes are solely corporate obligations, and no personal liability whatever shall attach to, or be incurred by, the stockholders, officers or directors of the Railway Company under or by reason of any of the obligations, covenants or agreements contained in this Trust Agreement or in any of the Notes or coupons, and any and all personal liability of every such stockholder, officer or director, either at common law or in equity, or by statute or constitution, is waived.

ARTICLE FOURTEEN.

The Railway Company will not at any time insist upon, or plead, or in any manner whatever claim or take the benefit or advantage of any stay or extension law whenever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of, or lien of, this Trust Agreement, nor will it claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisal of the trust estate or of any of the securities constituting the trust estate, prior to any sale or sales thereof to be made pursuant to any provision herein contained or to the decree of any court of competent jurisdiction; nor will it, after any such sale

or sales, claim or exercise any right under any law or statute whenever enacted and now or at any time hereafter in force, to redeem the trust estate or any part thereof or any of the securities so sold; and the Railway Company hereby expressly waives all benefit or advantage of any such law or laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

IN WITNESS WHEREOF, The Canadian Northern Railway Company has caused its corporate seal to be hereunto affixed and this Trust Agreement to be signed sextuplicate by its president or a vice-president and by its secretary or an assistant secretary, and Central Union Trust Company of New York, in token of its acceptance of this trust, has caused its corporate seal to be hereunto affixed and this Trust Agreement to be signed by its Vice-President and by its Secretary or an Assistant Secretary, as of the first day of August, 1919.

THE CANADIAN NORTHERN RAILWAY COMPANY,

by

(Corporate Seal)

A. J. MITCHELL
Vice-President.

Attest:

R. P. ORMSBY,
Secretary.

CENTRAL UNION TRUST COMPANY OF NEW YORK,
by

E. FRANCIS HYDE,
Vice-President.

(Corporate Seal)

Attest:

M. FERGUSON,
Secretary.

UNITED STATES OF AMERICA, }
 STATE OF NEW YORK, } ss.:
 COUNTY OF NEW YORK, }

On this 6 day of Aug., in the year one thousand, nine hundred and nineteen, before me J. Perry Olcott a Notary Public in and for the County and the State aforesaid, personally came and appeared A. J. Mitchell to me personally known and known to me to be Vice-President of The Canadian Northern Railway Company, one of the corporations described in and which executed the foregoing instrument, and known to me to be the same person who, as such Vice-President, subscribed the foregoing instrument, who being by me duly sworn, did depose and say that he resides at Toronto, Canada, that he is Vice-President of The Canadian Northern Railway Company, one of the corporations described in, and which executed, the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that the said instrument was signed and sealed on behalf of said corporation by order of its board of directors, and that he signed his name thereto as Vice-President by like order; and said Mitchell acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the considerations, uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal this 6 day of August, 1919.

J. PERRY OLCOTT

(Notarial Seal)

Notary Public, Rockland County
 Certificate filed in New York County
 New York County No. 68
 New York Register's No. 10059

UNITED STATES OF AMERICA, }
 STATE OF NEW YORK, } ss.:
 COUNTY OF NEW YORK, }

On this 7th day of August, in the year one thousand, nine hundred and nineteen, before me, a Notary Public in and for the County and the State aforesaid, personally came and appeared E. F. Hyde, to me personally known and known to me to be a Vice-President of Central Union Trust Company of New York, one of the corporations described in and which executed the foregoing instrument, and known to me to be the same person, who, as such Vice-President, subscribed the foregoing instrument, who, being by me duly sworn, did depose and say that he resides at New York, in the State of New York, that he is a Vice-President of Central Union Trust Company of New York, one of the corporations described in, and which executed, the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by authority of its board of trustees, and that he signed his name thereto as Vice-President by like authority; and said E. F. Hyde acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the considerations, uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 7th day of August, 1919.

HERBERT L. WILLIAMS

(Notarial Seal)

Notary Public
 New York Co. Clerk's No. 231
 New York Co. Register's No. 1296
 Bronx Co. Clerk's No. 20
 Bronx Co. Register's No. 2145
 Term Expires March 30, 1921

